

Published Articles

Corporate Transparency Act Update: Department of Treasury Issues Interim Final Rule

Fay L. Szakal

Greenbaum, Rowe, Smith & Davis LLP Client Alert

March 24, 2025

We recently reported that the U.S. Department of Treasury, through the Financial Crimes Enforcement Network (FinCEN), announced it would be issuing new reporting rules with regard to the Corporate Transparency Act (CTA) on March 21, 2025. Indeed, on that date, Treasury proposed its interim final rule along with a request for comments.

As included in Treasury's 36-page submission to the Federal Register, the key points of the new reporting rules are as follows:

- the existing beneficial ownership information (BOI) reporting rules shall only apply to entities defined as "foreign reporting entities" (FREs);
- the BOI reporting rules shall no longer apply to entities defined as "domestic reporting entities" (DREs), i.e., DREs do not have to report BOI at all, and DREs are no longer required to update or correct any BOI previously reported to FinCEN;
- FREs have thirty (30) days from March 21, 2025, to report their BOI;
- FREs must report the BOI of individual owners who are citizens of foreign countries;
- however, FREs are exempt from reporting the BOI of United States citizens with an ownership interest in the FRE, regardless of whether said United States citizen would otherwise be reportable;
- FREs that only have United States citizens as beneficial owners are exempt from the requirement to report any beneficial owners; and
- foreign pooled investment vehicles no longer need to report any United States citizen with substantial control, only the foreign citizen with the most control.

Attorneys

Fay L. Szakal

Published Articles (Cont.)

To justify these sweeping changes to the reporting rules, Treasury cites an omnibus provision in the BOI statute, which states that the “Secretary of Treasury, with the written concurrence of the Attorney General and the Secretary of Homeland Security” may exempt BOI reporting from entities or a class of entities when such reporting “would not serve the public interest” or “would not be highly useful in national security, intelligence, and law enforcement agency efforts to detect, prevent, or prosecute money laundering, the financing of terrorism, proliferation finance, serious tax fraud, or other crimes.” Treasury additionally relies on its statutorily broad authority to create exemptions under the subchapter of the law containing the CTA, subject to judicial review.

Treasury included in its Federal Register submission that the Attorney General or the Secretary of Homeland Security have issued a written concurrence to the interim final rule (although it is not clear that same has undergone judicial review). Additionally, Treasury described the excessive costs and burdens created by the CTA and subsequently cited Executive Order (E.O.) 14192, *Unleashing Prosperity Through Deregulation*, dated January 31, 2025, as consistent with the “exemptive authority provided in the CTA.” Furthermore, Treasury asserted that as long as BOI is still collected by financial institutions, the risk of illicit activity by former-DREs is mitigated.

Interested parties can locate the entire thirty-six (36) page Federal Register submission online [here](#). Treasury is seeking public comments for sixty (60) days until May 20, 2025. Notwithstanding the public comment period, the interim final rule has been deemed effective as of its March 21, 2025, publication date.

It is likely that most CTA related litigation will be withdrawn or dismissed in the coming months; however, risk-adverse plaintiffs may await the conclusion of the comment period and resolution of any congressional response to Treasury’s actions regarding the CTA.

As we await further information, we can answer any questions you have about your BOI or reporting obligations in light of this latest development. FREs should continue to gather relevant information for reporting purposes.

We will continue to provide information on legal developments related to the CTA as matters unfold. Please contact the author of this Alert with any questions regarding the CTA.

Fay L. Szakal

Partner, Corporate, Healthcare and Real Estate Departments

fszakal@greenbaumlaw.com

732.476.3204